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Cheque accounts received and interest paid
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ISSUED AVAILABLE THE WORLD OVER

\$50,000
St. Clair Furnace Co. 5s, due Aug. 1,
1920, principal and interest guaran-
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WANTED:
200 Paving Co. Bonds
200 Tidewater Co. Bonds
200 National Fuel Co. Bonds

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500 Paving Co. Bonds
500 Tidewater Co. Bonds
500 National Fuel Co. Bonds

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Members
NEW YORK STOCK EXCHANGE
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Edward Sweet & Co.
BANKERS AND BROKERS
Established 1854
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BOSTON BALTIMORE CHICAGO

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BOSTON BALTIMORE CHICAGO

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BANKERS
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CALL FOR LIST OF OFFERINGS
"Mature Bonds"

THE FINANCIAL SITUATION.

The heavy distribution of stocks by pools and large interests which about ten days ago gave the market a reactionary tendency was continued in the early part of last week, with the result that prices declined sharply and it was necessary to withhold further selling orders until the demand again overtook the supply and the operation of reducing overextended lines could be resumed with some measure of success. The decline induced selling for the fall by a great number of speculators, and this was continued in aggressive fashion after the significant distribution which first gave the market its downward tendency was suspended, the consequence being that on Thursday the short interest assumed such proportions that it was made the basis for a sharp rally under the leadership of the Harriman stocks and an opportunity was afforded to those endeavoring to reduce their commitments on the long side to market considerable stock to much better advantage than they could have done twenty-four hours before. This selling continued until the end of the week, when the market was strong enough to take it. Sufficient commentary on the character of the operations which produced Thursday's sharp decline and subsequent recovery was afforded by the fact that about the only arguments heard in favor of a lower or a higher level of prices was that the interest was selling stocks or that certain houses or operators were overextended on the bear side. It is a fact that the market was strong enough to take it, but this by no means proves that the short interest was unwieldy, for it is quite possible that much of the borrowing was done by sellers of actual long stock who could hardly afford to deliver certificates in their own names until they had fully disposed of all they needed to sell and were therefore indifferent as to whether the Street discovered the source of the selling or not. Much the same explanation has been noted in the early stages of every considerable decline in the last couple of years, large interests filling the Street with stocks and borrowing for delivery so as to create the impression that the market was technically in a strong position and would advance sharply when the shorts began to cover. It looked as if practically the entire short interest was driven in on Saturday, and as the trading element was afraid to leave the bear side, the market was left deprived of a factor of strength. A common argument, especially at the beginning of the week, was that prices could hardly decline while money was as plentiful as at present and that as there was every prospect of a substantial improvement in business here were the two most important factors for a substantial advance. That money is easy is certain, but that there is the prospect of a substantial improvement in business is another question. The best qualified to express an opinion are by no means of one mind. It must be clear that if business improves in the vigorous way that speculative interests in Wall Street predict money cannot continue in superabundant supply and the increase of the one factor must diminish the force of the other. The present conditions in the local money market demand something like business stagnation, and while furnishing an important aid to bull speculation are more likely to make investors pause than to induce them to place their surplus funds in stocks and bonds when there is uncertainty as to whether the dividends on the former may not have to be reduced and a reasonable possibility that in such event the price of the latter may be sympathetically influenced. That there has been in the last couple of weeks a decided contraction in the volume of the demand for bonds on the Stock Exchange and through the dealers in inactive issues very few persons in Wall Street will attempt to dispute. Investment buying has nearly ceased, but speculative interests with large lines of stocks to sell must still resort to all sorts of devices to induce the public to take these off their hands. Almost at the opening of the week Great Northern and Northern Pacific started on a rapid decline, for which there was no other explanation than the very inadequate one that the injury suffered by James J. Hill in an automobile accident was serious, and when stories to this effect were denied and Mr. Hill was seen attending to business in his usual health the stocks failed to rally, from which it was fairly inferred that there was no real connection between the selling and the rumor which grew out of it, but that distribution on a large scale was completed in the way which would leave the professional traders entirely long stock where they had sought for an opportunity to turn profits of a couple of points within a very few hours. Later in the week the Rock Island issues went down in the same way as the Hill stocks, and their course was followed by New York Central, which, like the others, failed to recover from the decline except for the rally on Thursday afternoon, resulting from nothing more important than the squaring of a trader's short interest. The decline in the Rock Island issues was accompanied by the usual rumors, but in the case of New York Central, whatever might be thought of the stories of a reduction in the dividend to be declared next month or of the alleged selling by Union Pacific, there is no doubt that the Street was unfavorably impressed by the statement of earnings for the six months ended June 30, published last week, and the impression of which was not improved by fuller study of the figures. The general market was of course influenced by the decline in these issues, although their effect was to some extent counteracted by the great strength of Southern Pacific, which crossed par for the first time in its history, and the less remarkable but still high degree of the same quality shown by Union Pacific. If the earnings of the New York Central and Southern Pacific, as reported, appeared to be more than satisfactory. Both of these roads showed substantial increases in net earnings for the month of June, and in the case of Union Pacific the decrease in that item for the year was not large. This company, according to its figures, operated in June for less than 50 per cent of gross, and no very profound knowledge of railroad affairs is necessary to make it understood that this could be only accomplished if the road was in excellent physical condition and the maintenance outlays were during the month kept down to a minimum. Whether these were sufficient is another matter. Very marked and sudden changes have at times occurred in the appearance of the figures of the Harriman lines, as, for instance, when Southern Pacific at the time of the declaration of its first dividend at the rate of 5 per cent, a year presented an annual report showing that 10 per cent had been earned on the stock in the year ended June 30, 1908, or something more than double what had been earned in the preceding year, although nowhere else in the railroad world was any such marked improvement to be found. In view of the many great enterprises in the earnings of these lines the public no longer has entire confidence in the Union and Southern Pacific figures, and to this is probably due the fact that Union Pacific, although a 10 per cent stock, and on its own showing abundantly

able to make payments at that rate, sells in the market at a level not much higher than some 7 per cent. common stocks, such as Chicago and Northwestern, St. Paul and Northern Pacific.

With the rise in Southern Pacific to a higher level than stock which stood over before said there has been considerable discussion as to what those in charge of the market operations in this issue have aimed at, if they really had anything further in view than the mere making of a speculative turn, a contingency generally believed to be more than probable. On the point an interesting theory has been evolved. Southern Pacific has not had heretofore any such capital resources as Union Pacific, and compared with the latter has realized in the last five or six years a comparatively small amount of money. It has still unissued in its treasury \$25,000,000 7 per cent. preferred stock, but that is a small matter to a system as large as Southern Pacific and a management as free with expenditures as that which dominates this road and Union Pacific. Large possibilities for the raising of new money by sale of common stock, which has stood up if this issue could be placed and maintained in the market at a level well above par, something which could perhaps be accomplished by keeping down expenditures to as low a level as possible and making an apparently brilliant showing of net returns. Any deterioration in the physical condition of the property could afterward be overcome when new capital had been obtained through the sale of stock. Some such program is believed to be in contemplation. Railroad earnings over the country at large are now receiving the benefit of the grain movement, which started earlier and has attained considerably larger volume than a year ago, but there is still a shortage in the movement of merchandise and the higher classes of freight with comparatively little encouragement for the hope that in this respect conditions will improve in the near future. Naturally many persons have found encouragement in the statement of imports and exports of the United States for July and the seven months from January 1, which showed for the month an increase of \$12,792,000 in the excess of exports over imports, and for the longer period an increase of \$179,000,000, but the fact has been ignored that a decrease in our imports from \$194,764,000 to \$208,400,000 for the month of July has been the cause of the increase in the excess of exports over imports, and that of high class wheat and lumber to the railroads, while the decrease in exports must necessarily mean a reduction in the volume of traffic moving in the opposite direction. A matter much dwelt upon recently is the fact that the stocks of merchandise, pig iron and other staples are at present low, and it is a favorite argument that when business improves orders will be placed in with railroads, and that the market will be disposed in some quarters to discount this rush in the stock market. But that stocks of staples are low can hardly be made a prosperity argument. They are low because people in the several lines of business see no grounds for encouragement and hesitate about tying up their money in goods which they might not be able to sell. They realize that when the turn comes to better times they may not be able to supply their wants as readily as they could now, but the less favorable opportunity to obtain supplies later would seem a matter of small consequence if there was the confidence that is now lacking. In the growth of our trade balance abroad and in the prospective needs of dealers whose stocks are at present very low the country is laying the foundation for a substantial improvement later on, but there is a danger of over-justification for the attitude of these speculators in Wall Street, who disregard the difference between the foundation and the roofed edifice needing only the decorations and finishing touches. A long period of rebuilding has yet to be faced before real earnings attain the volume to which the country had become accustomed before the panic, and unless a decided improvement occurs within the next few months it may very reasonably be questioned whether further deductions in the dividends on railroad stocks will be necessary to bring them to the level of low grade freight will not insure safety, and meanwhile stocks bought by bargain hunters last winter are coming on the market and adding to the floating supply, such buyers being well satisfied with profits of 40 or 50 per cent on the cost of their purchases.

FINANCIAL AND COMMERCIAL.

RAILROAD AND OTHER BONDS.

Bonds	High	Low	Close	Net
1st P. & N. 4s	100	99	99 1/2	100
2d P. & N. 4s	100	99	99 1/2	100
3d P. & N. 4s	100	99	99 1/2	100
4th P. & N. 4s	100	99	99 1/2	100
5th P. & N. 4s	100	99	99 1/2	100
6th P. & N. 4s	100	99	99 1/2	100
7th P. & N. 4s	100	99	99 1/2	100
8th P. & N. 4s	100	99	99 1/2	100
9th P. & N. 4s	100	99	99 1/2	100
10th P. & N. 4s	100	99	99 1/2	100
11th P. & N. 4s	100	99	99 1/2	100
12th P. & N. 4s	100	99	99 1/2	100
13th P. & N. 4s	100	99	99 1/2	100
14th P. & N. 4s	100	99	99 1/2	100
15th P. & N. 4s	100	99	99 1/2	100
16th P. & N. 4s	100	99	99 1/2	100
17th P. & N. 4s	100	99	99 1/2	100
18th P. & N. 4s	100	99	99 1/2	100
19th P. & N. 4s	100	99	99 1/2	100
20th P. & N. 4s	100	99	99 1/2	100
21st P. & N. 4s	100	99	99 1/2	100
22nd P. & N. 4s	100	99	99 1/2	100
23rd P. & N. 4s	100	99	99 1/2	100
24th P. & N. 4s	100	99	99 1/2	100
25th P. & N. 4s	100	99	99 1/2	100
26th P. & N. 4s	100	99	99 1/2	100
27th P. & N. 4s	100	99	99 1/2	100
28th P. & N. 4s	100	99	99 1/2	100
29th P. & N. 4s	100	99	99 1/2	100
30th P. & N. 4s	100	99	99 1/2	100
31st P. & N. 4s	100	99	99 1/2	100
32nd P. & N. 4s	100	99	99 1/2	100
33rd P. & N. 4s	100	99	99 1/2	100
34th P. & N. 4s	100	99	99 1/2	100
35th P. & N. 4s	100	99	99 1/2	100
36th P. & N. 4s	100	99	99 1/2	100
37th P. & N. 4s	100	99	99 1/2	100
38th P. & N. 4s	100	99	99 1/2	100
39th P. & N. 4s	100	99	99 1/2	100
40th P. & N. 4s	100	99	99 1/2	100
41st P. & N. 4s	100	99	99 1/2	100
42nd P. & N. 4s	100	99	99 1/2	100
43rd P. & N. 4s	100	99	99 1/2	100
44th P. & N. 4s	100	99	99 1/2	100
45th P. & N. 4s	100	99	99 1/2	100
46th P. & N. 4s	100	99	99 1/2	100
47th P. & N. 4s	100	99	99 1/2	100
48th P. & N. 4s	100	99	99 1/2	100
49th P. & N. 4s	100	99	99 1/2	100
50th P. & N. 4s	100	99	99 1/2	100
51st P. & N. 4s	100	99	99 1/2	100
52nd P. & N. 4s	100	99	99 1/2	100
53rd P. & N. 4s	100	99	99 1/2	100
54th P. & N. 4s	100	99	99 1/2	100
55th P. & N. 4s	100	99	99 1/2	100
56th P. & N. 4s	100	99	99 1/2	100
57th P. & N. 4s	100	99	99 1/2	100
58th P. & N. 4s	100	99	99 1/2	100
59th P. & N. 4s	100	99	99 1/2	100
60th P. & N. 4s	100	99	99 1/2	100
61st P. & N. 4s	100	99	99 1/2	100
62nd P. & N. 4s	100	99	99 1/2	100
63rd P. & N. 4s	100	99	99 1/2	100
64th P. & N. 4s	100	99	99 1/2	100
65th P. & N. 4s	100	99	99 1/2	100
66th P. & N. 4s	100	99	99 1/2	100
67th P. & N. 4s	100	99	99 1/2	100
68th P. & N. 4s	100	99	99 1/2	100
69th P. & N. 4s	100	99	99 1/2	100
70th P. & N. 4s	100	99	99 1/2	100
71st P. & N. 4s	100	99	99 1/2	100
72nd P. & N. 4s	100	99	99 1/2	100
73rd P. & N. 4s	100	99	99 1/2	100
74th P. & N. 4s	100	99	99 1/2	100
75th P. & N. 4s	100	99	99 1/2	100
76th P. & N. 4s	100	99	99 1/2	100
77th P. & N. 4s	100	99	99 1/2	100
78th P. & N. 4s	100	99	99 1/2	100
79th P. & N. 4s	100	99	99 1/2	100
80th P. & N. 4s	100	99	99 1/2	100
81st P. & N. 4s	100	99	99 1/2	100
82nd P. & N. 4s	100	99	99 1/2	100
83rd P. & N. 4s	100	99	99 1/2	100
84th P. & N. 4s	100	99	99 1/2	100
85th P. & N. 4s	100	99	99 1/2	100
86th P. & N. 4s	100	99	99 1/2	100
87th P. & N. 4s	100	99	99 1/2	100
88th P. & N. 4s	100	99	99 1/2	100
89th P. & N. 4s	100	99	99 1/2	100
90th P. & N. 4s	100	99	99 1/2	100
91st P. & N. 4s	100	99	99 1/2	100
92nd P. & N. 4s	100	99	99 1/2	100
93rd P. & N. 4s	100	99	99 1/2	100
94th P. & N. 4s	100	99	99 1/2	100
95th P. & N. 4s	100	99	99 1/2	100
96th P. & N. 4s	100	99	99 1/2	100
97th P. & N. 4s	100	99	99 1/2	100
98th P. & N. 4s	100	99	99 1/2	100
99th P. & N. 4s	100	99	99 1/2	100
100th P. & N. 4s	100	99	99 1/2	100

High-Low-Close-Net.

Sales	High	Low	Close	Net
1st P. & N. 4s	100	99	99 1/2	100
2d P. & N. 4s	100	99	99 1/2	100
3d P. & N. 4s	100	99	99 1/2	100
4th P. & N. 4s	100	99	99 1/2	100
5th P. & N. 4s	100	99	99 1/2	100
6th P. & N. 4s	100	99	99 1/2	100
7th P. & N. 4s	100	99	99 1/2	100
8th P. & N. 4s	100	99	99 1/2	100
9th P. & N. 4s	100	99	99 1/2	100
10th P. & N. 4s	100	99	99 1/2	100
11th P. & N. 4s	100	99	99 1/2	100
12th P. & N. 4s	100	99	99 1/2	100
13th P. & N. 4s	100	99	99 1/2	100
14th P. & N. 4s	100	99	99 1/2	100
15th P. & N. 4s	100	99	99 1/2	100
16th P. & N. 4s	100	99	99 1/2	100
17th P. & N. 4s	100	99	99 1/2	100
18th P. & N. 4s	100	99	99 1/2	100
19th P. & N. 4s	100	99	99 1/2	100
20th P. & N. 4s	100	99	99 1/2	100
21st P. & N. 4s	100	99	99 1/2	1